

VOL 7 SPRING 2010

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# BRANDED

FEATURES:

THE COLOURS OF MERCHANDISE

CHINA - THE SEAS OF CHANGE

BRAND EXTENSIONS

CATALOGUE PROGRAMMES



# the PLATINUM range

From business accessories to writing instruments, watches, IT products, lifestyle, and premium gift ideas, products from this deluxe range are sure to impress! View the extensive array at [www.thenewrange.com.au](http://www.thenewrange.com.au)

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## BRANDED

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Welcome to the 7th Edition of **Branded**, which, we hope you will agree, has an exciting new look as well as having some thought provoking articles covering such issues as brand extension, catalogue programmes, and challenges of sourcing out of China.

Despite the tough economic times, DKM Blue continues to move from strength to strength. In just the last twelve months we have:

1. Relocated to a new, 1,500 SQM Head Office complex in Camperdown, Sydney which includes a 250 SQM showroom and warehousing with the capacity, amongst much else, to hold and manage up to 300 client pallets.
2. Secured the John Deere licence for distribution across Australia and NZ.
3. Launched the 2nd season of the exclusive Mercedes-Benz, luxury range which is now available in dealerships across Australia and New Zealand.
4. Launched a completely new website and fully upgraded our on-line ordering and management systems. Check it out at [www.dkmbblue.com](http://www.dkmbblue.com)
5. Appointed a DKM Blue licensee in the Middle East.
6. Celebrated our second successful year for our UK based EMEA offices, which we have consolidated with the acquisition of the UK company Premier Promotions and appointment of Mr. Oliver Reynolds, a stalwart with over eight years industry experience.
7. Set the global online portal for Hilton Hotels.

As we enter into the last quarter of the year, we would like to remind you that Christmas is just around the corner. We have highlighted just a few of our great Christmas gift ideas in this issue so take a moment to look at them and contact us today to start the ball rolling, obviously there are many more to be seen in our new showroom. Don't leave it to the last minute!

We look forward to welcoming both new and existing customers to our new premises in the coming months.

The DKM Blue Team



Legend®



The Legend Range provides a very COOL selection of products from headwear, to apparel, jackets, bags, umbrellas, bathrobes, aprons and towels. View their comprehensive range online at [www.epiclegend.com](http://www.epiclegend.com)

stay cool in Legend-ary

PINK



Anne Sullivan is the Global Procurement Director of DKM BLUE. Prior to joining DKM Blue, Anne spent ten years working in the consumer products industry in the United States with a special focus on the product development, importation and global compliance of consumer electronics and various retail goods for companies including Nintendo, Sony and Disney.

## Sourcing: the shifting sea of China manufacturing

It wasn't long ago our industry thought they had the game of sourcing and manufacturing in China finally figured out. The copious number of public holidays including Moon Festival, Tomb Sweeping Day and most notably the Chinese New Year celebration causing extended factory closures were planned for and embraced. We all smiled as we received our Moon Cake gifts, deftly storing them out of sight in our credenzas and cupboards.

Locating a qualified, ethical source with production capacity to match your and your client's needs was feasible and becoming less complicated as factories were educated regarding the requirements of western procurement. Global sourcing was continuing to expand, allowing manufacturing in areas such as Bangladesh and Vietnam to become more accessible than years past.

Anyone familiar with our industry knows it's best to start making contingency plans the moment you begin feeling complacent.

The rumblings beginning in 2007 as thousands of Chinese manufacturers began to shut down due to rising raw material costs, higher wages and the rise of the Yuan against the US dollar were only a small pre-cursor to the rippling aftershocks continuing to be suffered due to the GFC. The textile industry being one of those hardest hit.

The barriers continue to increase as new issues are magnified including a worldwide cotton shortage, increased labour shortages in China and rising material costs.

### Labour shortages, fact or fiction?

The concept of a labour shortage in China wasn't considered a possibility until the last year. Rumours of a pending labour shortage had been circling for a couple years but who would believe it?

The Chinese investment into infrastructure improvement of rural communities combined with newly built, efficient super highways allowed for millions of people who previously relocated across several provinces for work, to suddenly benefit from the option to find work close to home and family.

Rather than go back to work after the long holidays or lay-offs due to the GFC, workers chose to remain in their home towns, resulting in many factories located in Guangzhou and coastal cities with production lines lying dormant waiting for skilled labour to return.

The repercussion of factories paying higher wages to retain workers translates to higher prices to help cover the additional costs. This bit of fiction has definitely become a fact.

### Textile industry in turmoil

A multitude of issues including a shortfall in China's domestic cotton production combined with India's temporary export ban resulted in a shortage of cotton supply this year. Add the closure of thousands of smaller textile factories resulting in increased production pressure at the larger mills and two issues arise; increased material costs and longer lead times.

Suddenly the lead times on fabrics, especially yarn dyed, jump from forty-five days to as much as ninety days just to receive materials.

A standard production lead time of three months could now be as long as five to six months!

### Raw material costs on the up and up

Sources claim raw material costs are increasing significantly with examples showing fuel up 30%, metal up 120% and polypropylene up 100%.

Considering each of these materials represents a large percentage of the components used in the manufacture of promotional products, we are bound to continue seeing increased prices from offshore.

Based on the many indicators of the tough road ahead, how do we navigate our way to produce high quality goods at a reasonable price, delivered before we go grey?

Although the answer may not be as straight forward as two years ago, the solutions are definitely attainable. The nature of our industry is to anticipate the shifting world of sourcing and manufacturing. We sniff out the viable sources, use purchasing volume leverage to negotiate our way to the front of the production line and continue to develop sources less impacted by recent economic events.

An educated partner with presence in China and other Asian countries will keep you one step ahead of the competition. More than ever, this is the time to rely on an expert to guide you through the maze of sourcing and manufacturing in China.

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the spirit of  
**COLOUR**

Danny Kordahi is Co-Founder and Joint CEO of DKM Blue. In 2003 he established DK Blue, a corporate uniform and promotional merchandise business specialising in online catalogue programmes. In 2007 DK Blue was recognised in the BRW Fast Starters # 35 and BRW Fast 100 # 55.



## Catalogue Programmes

Developing a catalogue range is all about planning and patience. Implementing a new catalogue program does take time because to do it right you have to get the basics right from the outset. You need to set a clear strategy on how you want to make the range coordinate and be true to the core values of your business and brand. You also need to have the vision of where you want to take the range in the next 3 to 5 years.

That is why selecting the right partner is critical when going down this path. You need a partner with experience not only in promotional merchandise but one that understands the importance of brand development and catalogue program management.

Some of the key capabilities to consider when choosing a partner to develop your catalogue program should include their ability to;

1. Set the colour palette for the range and then work with that as your basis.
2. Develop mood boards to ensure that you and your supplier partner are talking the same language.
3. Set the timeline of when you want to launch the range and work backwards to set the timeline for the key target dates that need to be achieved.
4. Find out what has and hasn't worked in the past; what are you ultimately trying to achieve; what budgets do you have to work with and how often do you want to refresh the range.
5. Work with your events and marketing calendars and help tie the range in to help with key initiatives throughout the year.
6. Finding equilibrium between too many items versus a couple of quality wow items.
7. Get the key stakeholders involved.
8. To work as one to ensure these timelines and objectives are met.

Many companies fail to develop a successful range because of the failure to plan as outlined above. They tend to rush to have things added to the range because they don't plan in advance.

How many times have you looked at your own company's range and wondered: 'how did that item sneak into the catalogue? It doesn't even sit in with the colour range or suit our requirements.' Why are catalogue programmes so important; and what do they do for your brand?

1. A good catalogue range will help you develop Brand consistency. How many times have you seen copies of your logo in different shades of colours and misrepresentation on items that are not appropriate to your brand guidelines?
2. Planning in advance will deliver economies of scale and value for money.
3. Allows you to tell a story and control what is seen in the marketplace.
4. Helps you to deliver key messages to staff, client's and the market alike.
5. Allows you to stand out from the crowd.

When is a good time to start this process?

NOW is the answer. It is never too late to start working on improving your current range. Whether you are happy or not, it is always good to give it a face lift. Sit back and assess what you currently have and how things are working. Ask yourself the following questions:

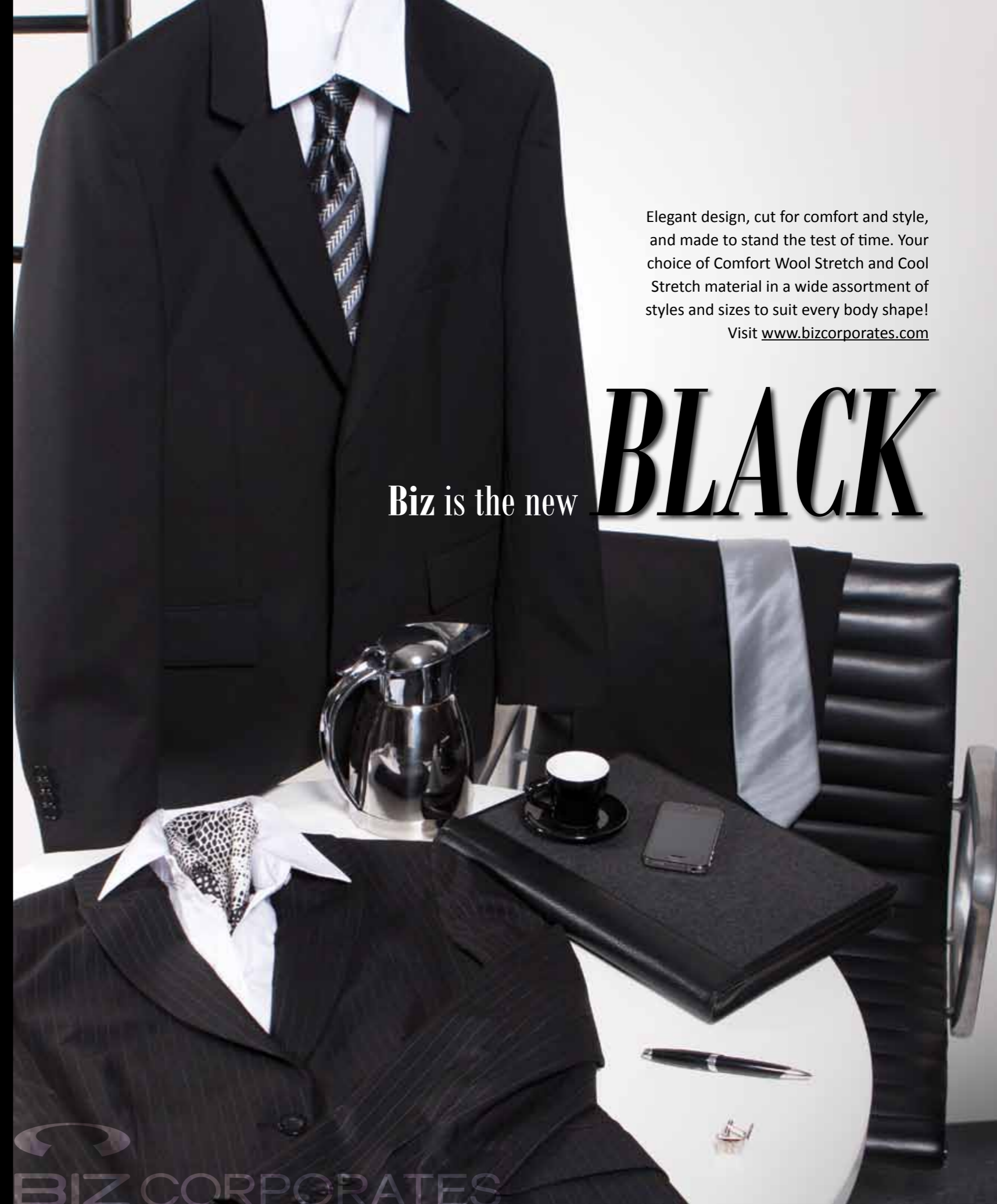
1. Does our range look stale?
2. Have we had the same items in the range for the past 2-3 years?
3. How often do our existing items turnover?

This is only one aspect of setting up and managing a successful catalogue program. You then have to work with someone that is able to manage inventory, an ecommerce site, warehousing, pick and pack as well as distribution. This is why DKM Blue is so successful in delivering effective catalogue programmes. It's what we do best. Feel free to email me directly; [danny@dkmblue.com](mailto:danny@dkmblue.com), any questions that you may have about your current program or if you are keen to start developing a new range.

Elegant design, cut for comfort and style, and made to stand the test of time. Your choice of Comfort Wool Stretch and Cool Stretch material in a wide assortment of styles and sizes to suit every body shape!

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Promobagsonline.com offer an extensive and impressive range of bags. With over 25 years experience and one of the largest retail networks in the country, their product offering really "packs a punch!"

# All I want for Christmas...

Reward your staff and thank your valued clients this festive season with a lovely gift from our extensive array of clever ideas. Get in now to allow us time for creative reflection and to truly personalise your selection!



## WINE COOLERS

Cool the base of these coolers and transport easily with their handy lids or use as an ice bucket – complete with handy tongs!  
Including 1 colour print, 1 position  
Set up cost= \$90.00

QTY	50	100	250
PRICE	\$40.95	\$39.95	\$38.95



## SUMMER COMBO PACKS

Golfers will love this pack of goodies! Included in the handy plastic tote bag is a sunscreen lotion, a small golf towel and a Nike NDX Turbo Golf Ball.  
1-2 colour print on ball and towel  
Set up cost provided FREE.

QTY	50	100	250
PRICE	\$25.95	\$23.50	\$20.95



## RIBBED TOWELS

These high grade 450gsm ribbed 100% cotton towels will be sure to impress! Finished with a cotton border on all sides and provided with a cotton fret for decoration. Available in an assortment of colours including aqua, black, chocolate, navy, pink, red, royal and white  
Including 1 colour print, 1 position  
Set up cost= \$80.00

QTY	50	100	250
PRICE	\$21.75	\$20.25	\$18.75



## SOY CANDLES

This stunning Honey Suckle and Jasmine scented candle with glass base comes presented in a beautiful two piece white and black gift box.  
Including 1 colour print on box  
Set up cost= \$90.00

QTY	50	100	250
PRICE	\$18.50	\$15.95	\$14.25



## FIRESIDE 6-IN-1 MULTI GAME SETS

Natural wood hinged game board features a chess and checkers board on one side and a backgammon and tic-tac-toe game boards on the other.  
Including 1 colour print, 1 position on lid  
Set up cost= \$80.00

QTY	50	100	250
PRICE	\$33.95	\$32.95	\$31.95



## OVERNIGHT DUFFLE BAGS

Perfect getaway bag! Made of 1000D polyester with leather look trim, the bag features a zippered main compartment, internal phone holder, internal zippered accessories pocket and an adjustable / detachable shoulder strap.  
Size 48W x 24D x 34H.  
Including 1 colour print, 1 position  
Set up cost= \$80.00

QTY	50	100	250
PRICE	\$29.25	\$27.50	\$25.50



## MEDIA BAGS

These cool neoprene bags come with a front pocket, Velcro tab closure, and webbing belt loop on bag. Perfect for storing all sorts of media – mobile phones, MP3's and cameras!  
Including 1 colour print, 1 position  
Set up cost= \$80.00

QTY	50	100	250
PRICE	\$6.75	\$6.15	\$5.65



## SPECTRUM COOLER SATCHELS

Very funky satchels made of 600D polyester. The main compartment is insulated and comes with a semi-detached divider. The bag also features a front slip pocket, side mesh pocket, multiple pen holders, and an adjustable shoulder strap with pad. Size 28W x 10.5D x 33.5H.  
Including 1 colour print, 1 position  
Set up cost= \$80.00

QTY	50	100	250
PRICE	\$17.75	\$16.50	\$14.95

\*\*Pricing is ex GST and does not include delivery ex DKM Blue warehouse. Additional decoration options available on request. Available while stocks last. Pricing may be subject to change.

www.dkmbblue.com

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# go GREEN

Striking a balance between economic growth and environmental protection, ECRso offers a wide range of eco friendly products made from recycled materials and bamboo to items with alternative power sources and biodegradable products! Check out the full Orso range at [www.orso.biz](http://www.orso.biz)



Lorne Gruenewald is the Creative Director of DKM BLUE. Lorne has trained and practised as a designer and illustrator in Europe and has worked on projects as diverse as couture items for the British Royal Family, movie costumes and retail and corporate fashion around the world. He has also taught and contributed to numerous fashion forecast and magazine reports.

## Brand Extensions: Do They Work?

The simple answer to the above is 'yes'.

Whilst the above may be true, the reality of extending brands requires the following five key elements and a lot of hard work.

1. Vision
2. Expertise
3. Talent
4. Resources
5. Patience

However, before further exploring the above I believe it would be prudent to clarify just what brand extension is and; more usefully, what it is not.

Albeit often unwittingly for many people, the developed world is inundated with brand extensions, the primary example of which is the multi-billion dollar fragrance industry; a few brands of which I explore below.

Two of diverse origins are 'Beckham' marketed off the mass appeal of a soccer star and 'Burberry' a multi-billion \$ company in its own right whose success is largely due founder Thomas Burberry's invention of the classic trench coat which was originally designed for British army officers in the First World War (the shoulder flap was, coincidentally, to cover the upturned barrel of service revolvers when going into battle in the rain).

A classic example is 'Bulgari', the luxury jeweler.

Finally I offer two examples of successful maverick extensions. 'Davidoff' and 'Dunhill': the former a cigar maker and the latter a cigarette maker.

The first example is perhaps the most accessible and understandable. In simplistic terms, like him or otherwise: David Beckham is arguably one of the most famous people in the world and has become a brand in his own right.

The second is a classic example of synergy – 'perhaps I cannot wear Bulgari diamonds but.....'.

Yet when we look at the last two examples (Davidoff and Dunhill) it is clear that the leap is enormous. Neither has a 'face' attached to the originator, unlike for instance 'Acqua di Gio' by Giorgio Armani (another best seller). I make the distinction here between the originator's face and the 'face of' such as the spectacularly lucrative US\$6M deal signed by seventeen year old Emma Watson (of Harry Potter fame) to be the 'face of Chanel'.

Davidoff and Dunhill have built their brand extension base on their reputation for exclusivity, quality and luxury within their original fields to a point where those very same original, and now politically incorrect products, are eclipsed by the extensions.

What none of the above examples is: is 'brand-slapping'. It is naïve in the extreme to imagine that merely applying the name of a product from one market to that of another will ensure success.

Recent examples of corporations with considerably more money than sense can include, but not be limited to: Kellogg's 'Under the Hood' hip hop clothing and Burger King's 'Flame' fragrance, I will not offer an opinion, merely pose the question 'Would you part with your hard earned cash to buy any of these products?' though the latter has one redeeming feature – it is CHEAP! \$US3.99 if you can still find it anywhere.

So what does constitute a good brand extension? In my opinion, one which is derived from the core, perceived values of the existing brand and optimizes the synergies of the existing and extended products. Coppertone sunglasses are a good example. But even recognizing these values and synergies is merely the starting point; one should next ask oneself 'To whom should I turn in order to realize this dream?'

The answer to which is simple; 'Experts.'

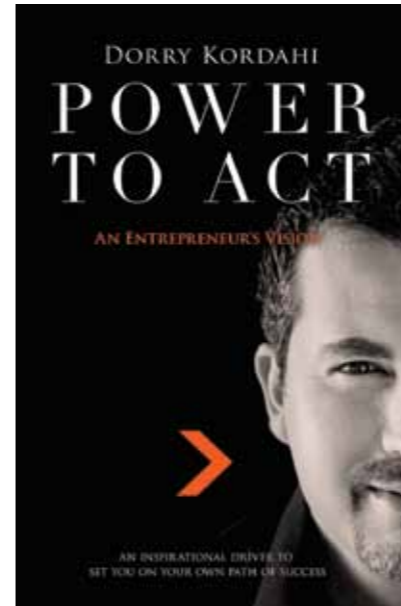
BOOK RELEASE

# POWER TO ACT AN ENTREPRENEURS VISION

> It takes a special type of person to start and build a successful business. They have to be courageous, adventurous, adaptable and smart. Entrepreneur Dorry Kordahi has all of these attributes and can now add 'Author' to his extensive list of achievements.

As joint CEO of DKM Blue, a thriving marketing and merchandise solutions business that less than a decade after the doors have opened now has an annual turnover of \$10 million.

With no higher education, no family fortune, and armed only with a burning desire to succeed Dorry Kordahi was able to turn his inspirational idea into an incredibly profitable enterprise earning him a number of accolades to add to his name.



- Ernst & Young Entrepreneur of the Year Regional Finalist.
- Featured in Marketing Magazine's series of the five best marketers in Australia.
- BRW - Two years running for Fast Starters.
- Smart Company Fast Starter.

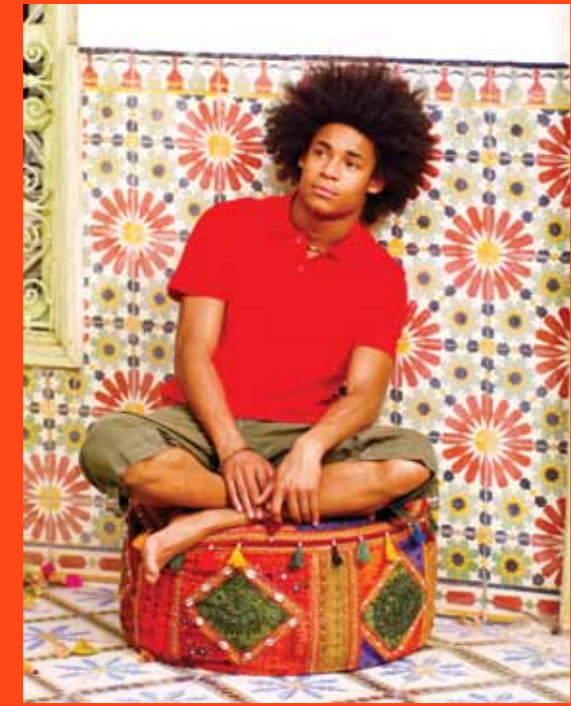
Power to Act is both an inspiring and instructive biography that tells a remarkable story of Kordahi's success whilst offering key advice on how to emulate some of his achievements and success into your own business.

This must read for all aspiring entrepreneurs gives solid advice on all aspects of how to start up a business, company growth, managing money, managing people, company marketing and the importance of branding in business.

What shines through most from this entrepreneur is his passion for his business. No matter how good your idea is, no matter how smart your branding looks, an entrepreneur that lacks the passion to keep pushing themselves and their business through the difficult times will never reach their full potential.

"I can't afford to take my achievements and success for granted," he says. "My fulfillment comes from my love of what I do."

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